

Queenscliffe Community Association Inc.

Reg. No A00 323 OIV

PO Box 19, Queenscliff 3225



Queenscliffe
Community Association Inc.

March 16, 2018

The Mayor, Cr. Susan Salter,
& Crs. Pizzey, Ebbels Merriman & Francies,
Borough of Queenscliffe,
Town Hall, Learmonth Street,
QUEENSCLIFFE. 3225

Dear Councillors,

The appointment of a CEO is one of the most important decisions councillors can take because it can influence the culture and direction of the organization for many years. We note some councils have adopted a CEO Appointment Policy outlining the skills and attributes desirable in a CEO and the recruitment process to be followed. We ask if our Council has such a policy?

The current Queenscliffe Council CEO's position is due to expire this year and members of the QCA have been giving this matter some detailed consideration. A scan of research studies fails to find any management analysis that concludes a third 5-year term is inherently a good outcome for companies or their stakeholders. The Harvard Business Review, in particular, identified that the average tenure of Fortune 500 CEOs is about 4.6 years (shorter than the average for all US CEOs, which is 8.6 years). A 2013 study by Luo, Kanuri and Andrews at the University of Texas suggest that long tenure can actually hurt a company's performance as established routines and networks slowly smother the drive for innovation (despite an initial rush of enthusiasm and energy). HBR also reported on the findings by Miller who found successful companies actively managed the CEO succession process and, within the same framework, new CEOs are more open, inclusive, and search for new solutions.

However, Fortune magazine notes there is no simple answer to the question of CEO tenure. Firms can perform well with CEOs having a wide range of terms in office. It is up to the board to consider the strategic context of the enterprise, its culture and the character of a CEO's leadership to determine which departure style and time frame are appropriate. Of course, the board must have the skill set and preparedness to consider the best strategy.

In this case, the Borough of Queenscliffe Council effectively operates as a business with the residents and ratepayers as shareholders and the wider community as stakeholders. Councillors are effectively the board. It must be acknowledged that the past few years have been very challenging for the community, Councillors and Council staff. This is unfortunate as the Borough is the smallest local government area in Victoria and as such there is a significant opportunity for the interaction between the Council and the community to be harmonious, predicated more upon a collaborative model of decision making.

The QCA considers that it is timely to test the senior executive market to ensure the Borough gets the right person to lead the organisation into the future. It is appreciated this could be a difficult decision for Councillors given their close engagement with the Council's management team. To overcome this issue, the QCA requests the Council engage an external consultant specializing in executive searches to review of the CEO's position to ensure the KPIs align with the community's clearly demonstrated wish to have greater input into major decisions and projects. The consultant should then assist Councillors to advertise the position, interview shortlisted candidates and develop criteria by which performance can be evaluated.

We are sure you agree the relationship between Council and community must be predicated on trust, openness and an understanding that the reasonable expectations of ratepayers and residents should be enacted. Our proposed approach will provide comfort that the Councillors have acted in a transparent manner and in the best interests of the community.

This request should be seen as a positive way by which Councillors can identify and appoint a CEO for the next 5 years who has a demonstrated capacity to lead the organisation and re-establish strong and meaningful community partnerships.

Yours sincerely,

A handwritten signature in black ink that reads "D. Connoley". The signature is written in a cursive style and is centered within a light gray rectangular box.

David Connoley, President
For Executive & Members,
Queenscliff Community Association